

Bitcoin faces make-or-break 2016 - Vinny Lingham

By [Gareth van Zyl](#)

7 Mar 2016

Digital cryptocurrency Bitcoin faces a key year ahead that could seal the fate of its long-term adoption, says South African-born Silicon Valley entrepreneur Vinny Lingham.



©lightboxx via [123RF](#)

Silicon Valley based Lingham first integrated Bitcoin payments into his US-based digital gift card startup Gyft in 2013. Initially, Bitcoin payments accounted for 90% of Gyft's sales with PayPal and credit cards making up 10%, according to [website Coindesk](#). But Coindesk last year reported that this trend has changed, with 90% of Gyft's sales now coming from PayPal and credit cards.

California-based First Data acquired Gyft in 2014 for over \$50m, according to reports. Lingham left Gyft in January this year to pursue identity protection startup Civic. Lingham is also a member of the Bitcoin foundation.

Potential impracticality

"Bitcoin is still an experiment that can absolutely fail," Lingham told Fin24. "I think this is a key year for Bitcoin. There's a limit we're heading (to) in terms of that block size...and there's a big debate about it," said Lingham.

Bitcoin blocks are batches of transactions that are confirmed and shared on the cryptocurrency's public ledger, which is

called the blockchain. The size of each of these blocks was reduced from 36MB to 1MB in 2010 to reduce the risk of spam and attacks on the Bitcoin network. The limit remains up to today, but amid increasing transactions, these blocks are said to be filling up to the 1MB mark.

This in turn risks slowing transaction rates, making Bitcoin potentially impractical in terms of purchasing goods or services in real-time. Bitcoin transactions only number seven per second compared to PayPal which does 100, and Visa that does 4,000, [according to Brian Armstrong](#), the CEO of Bitcoin wallet and exchange company Coinbase.

Split in the network

An alternative implementation of the cryptocurrency called Bitcoin Classic was released last month and raises the size of transaction blocks to 2MB. If Bitcoin Classic becomes widely adopted, it could create a split in the cryptocurrency's network. Currently, most Bitcoin miners use the core version.

Already this year, transactions on the Bitcoin network have slowed amid concerns of blocks nearing the 1MB mark. But there have also been [allegations of a 'war'](#) between the core and 'Classic' Bitcoin communities. Allegations are abound that both Bitcoin communities are spamming or carrying out attacks on each other's networks to slow transaction rates.

These problems come after a complex debate has ensued for over a year about topics such as whether Bitcoin really needs to increase its block size and if such a move could compromise the currency's decentralised nature.

"How do we find a solution that everyone's going to adhere to? I think we're close - we're not there yet - and the next six to eight weeks are pivotal," Lingham told Fin24.

"If we don't reach a solution soon, I would say that the chance of Bitcoin failing goes up. If it doesn't happen this year; if it doesn't sort of breakout this year, it's not going to easily break out in the industry.

"It will still be there, but there may be other cryptocurrencies that supersede it," said Lingham.

Source: [Fin24](#) via News24 Wire

For more, visit: <https://www.bizcommunity.com>